

EEIF MARKET & ECONOMIC REVIEW

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TradeAlgo, 2025.

CUTTING INTO UNCERTAINTY: THE FED'S EASING MEETS DATA DARKNESS

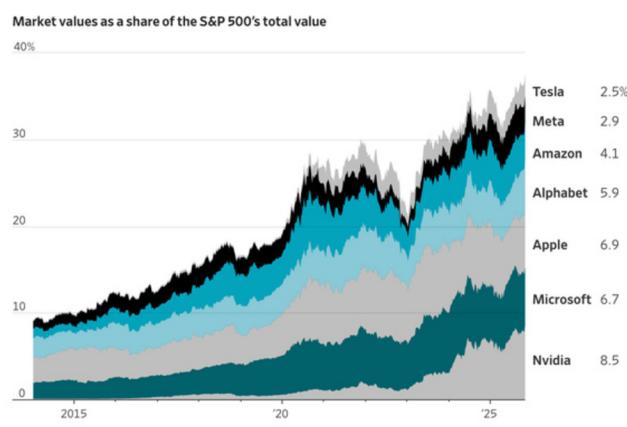


By Alma Cedillo

Research Analyst | Sophomore

The continuation of the federal government shutdown since October 1st has significantly limited the amount of official economic data available, forcing the Fed to rely on qualitative and private data. Amidst missing key releases such as the monthly job reports GDP estimates, consistent evidence of a cooling labor market and increasing unemployment fears prompted the Fed to cut rates by another quarter point during its most recent meeting. The Fed's target rate now stands at 3.75%-4.0%, the lowest rate levels since 2022. Fed Chair Jerome Powell signaled lowered confidence about a third-cut in December stating that it was "not a foregone conclusion" if the data blackout continued. Powell's comments rocked investor sentiment and Wednesday afternoon, markets priced only a 56% probability of a December cut, down from 90% the day before (CME FedWatch). LSEG data also showed a 67.9% chance, down from 85% the day prior. Same day market reactions show S&P 500 closed flat and the Dow Jones slipped.

The Federal Reserve's cut comes as Big Tech companies report their third-quarter earnings, showing rising profits and AI-related investment prospects expected to reach \$380 Billion this year across Meta, Amazon, Alphabet, and Microsoft. Yet, despite strong consumption and capital gain projections, this has not translated into stronger labor trends. Amazon plans to reduce its corporate workforce by 14,000 employees, while companies such as Microsoft, Meta, and Alphabet have also announced future job cuts.



FactSet, 2025.

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U.S. AND CHINA TRADE DEAL AT XI SUMMIT



By Sarah Liu
Research Analyst | Freshman

Recent U.S. and China trade talks are signalling new short-term de-escalation. President Trump says that he expects to sign a deal with President Xi at this week's summit, and various reports describe this as a truce between the two countries: limited tariff relief from the U.S. in exchange for Chinese cooperation on curbing fentanyl related chemical exports, a pause on rare-earth restrictions, and resumed purchases of U.S. soybeans (Reuters, 2025; France 24, 2025). The tariff step-downs can ease pressure on import prices and provide relief to firms that heavily rely on Chinese inputs. The pause on rare-earth restrictions lowers immediate supply-chain risks for electronics and EV producers, and the soybean sales help to support farmers' incomes. More importantly, state trader COFCO bought 180,000 tons of U.S. soybean cargoes, the first from this year's harvest (Reuters, 2025). This becomes a big week for trade watchers and farmers! It could mark the start of a rise in revenue for various agricultural and electronic sectors. Still, this appears to be a stabilization of the feud between the two countries rather than a reset of U.S.-China relations. There are still structural disputes over subsidies, intellectual property, and technology controls that have yet to be solved through the agreement (Reuters, 2025).



Bloomberg, 2025.



AP News, 2025.

The politics and execution risks of the deal still remain as cautionary points. There seem to be large headline promises and future visits from the two leaders, but details remain thin, and enforcement has been difficult in past truces and agreements. Even now, official statements confirm that the leaders will meet but will not publish any texts about the deal (Reuters, 2025). To judge whether the truce is actually enforceable, economists should pay attention to the published tariff schedules from U.S. agencies, publications on any rare-earth licensing shifts from China, and assess the change in commodity flows (such as soybeans). Farmers will be keeping a close eye on the weekly U.S. soybean inspection reports! If these show up quickly, manufacturers, farmers, and retailers should see real relief. If not, this week's optimism could fade quickly, and this week's "deal" will look more like a "PR announcement" without tangible turning points.